

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY**

**OF**

**Nancy N. Washington**



**DOCKET NO. 2007-253-C**

**PETITION OF THE OFFICE OF REGULATORY STAFF  
FOR COMMISSION TO ORDER A RULE TO SHOW  
CAUSE AS TO WHY THE CERTIFICATES OF PUBLIC  
CONVENIENCE AND NECESSITY FOR CERTAIN  
PROVIDERS OF TELECOMMUNICATIONS SERVICES  
SHOULD NOT BE REVOKED**

**TESTIMONY OF NANCY N. WASHINGTON****FOR****OFFICE OF REGULATORY STAFF****DOCKET NO. 2007-253-C**

**IN RE: RULE TO SHOW CAUSE AS TO WHY THE CERTIFICATES OF  
PUBLIC CONVENIENCE AND NECESSITY FOR CERTAIN PROVIDERS  
OF TELECOMMUNICATIONS SERVICES SHOULD NOT BE REVOKED**

**Q. MS. WASHINGTON, WOULD YOU PLEASE STATE YOUR NAME,  
BUSINESS ADDRESS, AND OCCUPATION?**

A. My name is Nancy N. Washington. My business addresses is 1441 Main Street,  
Suite 300, Columbia, South Carolina 29201. I have been employed as an auditor for  
the Office of Regulatory Staff ("ORS") of South Carolina since April 2006.

**Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND  
AND YOUR BUSINESS EXPERIENCE?**

A. I received a BS Degree in Accounting from South Carolina State University in May  
2004. I also received a Master of Accountancy Degree from the University of South  
Carolina in December 2005. Before joining the Office of Regulatory Staff in April  
2006, I was employed by the United States Department of Agriculture.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to report the results of ORS's attempts to examine  
the accuracy of revenues reported on the South Carolina Universal Service Fund

1 Contribution Worksheet by IDT American Corporation (IDT) and dPi Teleconnect,  
2 Incorporated (dPi).

3 **Q. WOULD YOU PLEASE ELABORATE ON THE ORS AUDIT STAFF'S**  
4 **OBJECTIVE IN EXAMINING THE ACCURACY OF THE SC USF**  
5 **CONTRIBUTION WORKSHEET?**

6 **A.** ORS Audit Staff's objective is to ensure that a company's SC Universal Service  
7 Fund Contribution Worksheet, submitted to the Fund Administrator, is accurately  
8 prepared and adequately supported by its books and records thus ensuring that the  
9 company's reported revenues contribute to the accurate sizing of the State Universal  
10 Service Fund.

11 **Q. IN THE COURSE OF YOUR ATTEMPTS, DID YOU REQUEST CERTAIN**  
12 **INFORMATION FROM THE PARTIES?**

13 **A.** Yes, I did.

14 **Q. PLEASE EXPLAIN WHAT INFORMATION WAS REQUESTED FROM**  
15 **THE PARTIES.**

16 **A.** ORS requested the following information from each party: 1. A copy of the 2005 SC  
17 USF Contribution Worksheet; 2. A trial balance for the year ending December 31,  
18 2005; 3. Any supporting documentation needed to trace the revenues reported on the  
19 SC USF Contribution Worksheet to the trial balance; 4. The general ledger detail of  
20 all revenue accounts; and 5. A customer listing for a sample month of 2005.

21 ORS also requested that IDT provide general ledger account detail and any necessary  
22 worksheets to support contributions paid to SC USF for the year ending December,

31, 2005. ORS further requested that IDT provide a listing of revenues (description and account number) on which the state USF factor is assessed.

ORS requested that dPi provide a state by state breakdown of its revenues. ORS also requested that dPi provide a reconciliation of total revenues by state to the total revenue amount recorded in the general ledger with detail in relation to the reconciling accounts. ORS further requested that dPi provide account descriptions of all revenue accounts, both regulated and non-regulated, and provide a listing and description of any other accounts receiving postings from the revenue journals.

**Q. DID THE COMPANIES PROVIDE THIS REQUESTED INFORMATION?**

A. IDT provided nothing.

dPi provided partial information which was inadequate to complete the examination of the SC USF Contribution Worksheet.

**Q. PLEASE EXPLAIN WHICH REQUESTED ITEMS WERE NOT RECEIVED FROM THE PARTIES?**

A. IDT did not provide any information to ORS.

dPi did not provide ORS with a reconciliation of the \$4,443,622 variance between its state by state revenue breakdown and the total revenue recorded in the general ledger in enough detail for ORS to determine that its SC USF Contribution worksheet was adequately supported by its books and records.

**Q. PLEASE DISCUSS ATTEMPTS MADE BY ORS TO OBTAIN THE INFORMATION.**

A. On January 25, 2007, ORS requested IDT produce certain books, records and documents by March 1, 2007. Having received no response by March 13, 2007,

1       ORS made its first follow-up telephone call to the company. ORS made actual  
2       contact with one of the company's regulatory attorneys on March 15, 2007. Per her  
3       request, ORS faxed a copy of the initial request. While ORS received a confirmation  
4       that the fax was transmitted successfully, we did not receive any information or  
5       further communication from IDT. ORS also received no communication or  
6       information from IDT after the Rule to Show Cause was filed on June 27, 2007.

7       On December 29, 2006, ORS mailed its request to dPi and requested that the  
8       company respond by January 16, 2007. Having received no response by February 8,  
9       2007, ORS made its first follow-up telephone call to the company. A dPi company  
10      representative informed ORS that the company would begin compiling the  
11      information. ORS extended the due date to February 21, 2007. ORS contacted dPi on  
12      March 5, March 6, and March 13, 2007, in an attempt to receive information. After  
13      receiving inadequate information on March 14, 2007, ORS contacted dPi on March  
14      15, 2007 to request additional information. Having received no additional  
15      information, ORS contacted dPi on March 28, 2007.

16      ORS called dPi on June 28, 2007 in an attempt to receive the requested information.  
17      After receiving inadequate information on July 12, 2007, ORS again contacted dPi.  
18      On July 23, 2007, ORS contacted dPi and again received inadequate information on  
19      July 30, 2007.

20      **Q.   WHAT ACTION DOES ORS RECOMMEND THE PUBLIC SERVICE**  
21      **COMMISSION TAKE AGAINST THESE COMPANIES?**

22      **A.   ORS recommends that the Commission revoke IDT's and dPi's Certificates of Public**  
23      **Convenience and Necessity. However, in order to provide continuity of service, ORS**

1 requests the Commission delay revocation of the certificates until 45 days after the hearing.  
2 This delay will allow sufficient time for customers to be notified of the disconnection of  
3 telecommunications services and allow consumers an opportunity to seek  
4 telecommunications services from other carriers to avoid a complete loss of service.

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**


6 **A.** Yes, it does.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2007-253 – C**

IN RE: Petition of the Office of Regulatory Staff     )  
      for Commission to Order a Rule To Show     )  
      Cause as to Why The Certificates of Public     )  
      Convenience and Necessity for Certain     )     **CERTIFICATE OF SERVICE**  
      Providers of Telecommunications Services     )  
      Should Not be Revoked     )

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **DIRECT TESTIMONY OF NANCY N. WASHINGTON** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John J. Pringle, Jr., Esquire  
Ellis, Lawhorne & Sims, P.A.  
Post Office Box 2285  
Columbia, SC, 29202

  
\_\_\_\_\_  
Pamela J. McMullan

August 2, 2007  
Columbia, South Carolina